

OCT 4 1996

Mr. Kevin Price
Environmental Engineer
The Knapheide Mfg. Co.
P.O. Box C-140
Quincy, IL 62303-2140

Dear Mr. Price

**RE: Revised Review Comments on the Supporting Information for the
Four Supplemental Environmental Projects (SEP) and Revised
Review Comments on the SEP Investigation Report for the
Knapheide Manufacturing Company, West Quincy, Missouri**

The EPA has reviewed the supporting information provided on the four SEPs dated September 19, 1995, and the SEP Investigation Report dated October 23, 1995. The EPA has reviewed both documents to determine if the proposed SEPs complied with Paragraph 2 of the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO), dated March 8, 1995. The EPA also examined to determined if the proposed SEPs complied with the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements," dated February 12, 1991.

Enclosed are the penalty offset amounts, as available, for the four supplemental project proposed by Knapheide and our comments on the Investigative Report. If you have any questions, please call me at (913) 551-7455 or reach me by e-mail at mccullers.ruben@epamial.epagov.

Sincerely,

Ruben McCullers
Environmental Scientist
RCRA Permitting and Compliance Branch

Enclosure

cc: Sandra Oberkfell, Esq.
Ed Sadler, MDNR
Patrick Splichal, PRC

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VII
726 MINNESOTA AVENUE
KANSAS CITY, KANSAS 66101

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Ruben McCullers
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RCRA Permitting and Compliance Branch

Enclosure

cc: Sandra Oberkfell, Esq.
Ed Sadler, MDNR
Patrick Splichal, PRC

**REVIEW COMMENTS
SUPPORTING INFORMATION FOR THE FOUR
SUPPLEMENTAL ENVIRONMENTAL PROJECTS
KNAPHEIDE MANUFACTURING COMPANY
WEST QUINCY, MISSOURI**

INTRODUCTION

U.S. Environmental Protection Agency (EPA) reviewed the supporting information for the four Supplemental Environmental Projects (SEP) submitted by the Knapheide Manufacturing Company (Knapheide) on September 19, 1995. The supporting information for the four SEPs was reviewed to decide whether each SEP met the requirements in the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO), dated March 8, 1995, and the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements," dated February 12, 1991. In this document, EPA comments on the four SEPs. If EPA determines that a SEP meets the requirements as discussed above, then PRC has made recommendations on penalty offset dollar amounts based on the environmental benefit of each SEP.

COMMENTS

SEP 1-Examine the Environmental Impact of the Flood on the West Quincy, Missouri, Facility and Dispose of the Aboveground Tanks and Wood Treatment Building

The comments on SEP 1 are presented according to the three tasks (labeled as "a," "b," and "c") identified in the original SEP (dated May 5, 1995) and associated supporting information provided by Knapheide on September 19, 1995.

a. The cleanup of the Buildings and Grounds and Damage Assessment

1. EPA considers most of the cleanup of the property was a Good management Practice (GMP) and not a SEP. However, EPA believes the removal of barrels and other debris from the property and the removal of 1-1.5 feet of mud from groundwater monitoring wells can be considered a SEP meeting the requirements of environmental restoration. Knapheide has listed a cost of \$79,667.11 for this cleanup, and the associated invoices provided by Knapheide support this cost figure. Because EPA considers most of the cleanup was a GMP and the environmental benefit was minimal, EPA established a penalty offset of five cents on the dollar or \$3.983.35.
2. The post-flood investigation by Schrieber, Grana & Yonley, Inc., was voluntary and not required by the Missouri Department of Natural Resources (MDNR).

This was supported by the fact that MDNR had a contract with an environmental company to perform post-flood assessments at several sites in Missouri, including the Knapheide facility in West Quincy, Missouri. EPA had determined that this post-flood investigation qualifies as a SEP in the category of environmental auditing projects. Knapheide has presented a total cost of \$7,488.37 for investigating and retesting groundwater monitoring wells to determine the impact of the flood on groundwater quality. Knapheide has mentioned in the supporting information that the groundwater quality has changed at the site, but has not specified how it has changed. If the groundwater quality has been degraded, Knapheide has not identified the efforts made to restore the groundwater to its original quality. Because Knapheide has not shown that efforts have been made to improve groundwater quality, EPA sets a penalty offset of only 10 cents on the dollar or \$748.84.

b. Disposal of the Tanks, Tank Contents, and Clean and Close Piping

The supporting information supplied by Knapheide demonstrates that the heating oil and solvent disposal occurred, nor reused. This disposal activity neither was required by any environmental regulations, nor constituted a GMP since the heating oil and solvents were not reused. Therefore, EPA believes this activity qualifies as a SEP in the category of pollution prevention. In the September 19, 1995, information, Knapheide presented invoices for the disposal of the heating oil and solvent totaling \$8,887.71.

Knapheide also presented additional expenses for this SEP in a progress report dated May 13, 1996. An additional amount of \$8,000 was paid to R. Cooper Contracting Services, Inc., to clean, cut up, and dispose of the four Aboveground Storage Tanks (AST). Also, other expenses for this SEP and the consultant, disposal, testing, and dismantling expenses for the wood-treatment storage tank, dip tank, and wood treatment building were in the May 13, 1996, progress report. As stated below in the next comment, EPA does not believe the activities associated with the wood treatment storage tank, dip tank, and wood treatment building constitutes a SEP. Therefore, no penalty offset is recommended for these expenses. There were expenses provided in item two in the progress report for Schrieber, Grana, and Yonley; Rudnick and Wolfe; Schriber Truck Company; and Aptus/Rollins for a total of \$19,197.30 that appear to relate to the AST SEP and the proposed wood treatment building SEP. Because Knapheide did not specifically break down these expenses between the two SEPs, EPA only used half these expenses or \$9,598.65 for penalty offset. This brings the total expenses for the AST SEP to \$26,486.36 (\$8,887.71, plus \$8,000, plus \$9,598.65). EPA determined a penalty offset of 15 cents on the dollar for the disposal cost of \$26,486.36, resulting in a dollar amount of \$3,972.95.

c. Dismantling and Disposing of the Damaged Wood Treatment Building

Based on review of the supporting information, EPA does not believe this activity is a SEP. First, Knapheide states that it will demolish the building because it poses a safety threat to anyone working near the storage tank containing the wood treatment solution. This is a GMP, not a SEP. Second, Knapheide is required to conduct closure on the tank containing the wood treatment solution because it contains a regulated substance, pentachlorophenol. Because the building must be dismantled before the tank undergoes closure, building dismantling is considered part of the tank closure, which is required by environmental regulations. In either case, this activity does not constitute a SEP and no penalty offset should be given.

SEP 2-Fighting the Great Flood of 1993

EPA concedes that the sandbagging and flood-fighting activities of Knapheide may have given other facilities and farmsteads in the levee district time to remove tanks of oil, grease, fuel, pesticides, and solvents. However, Knapheide's primary focus was to prevent flooding of its facility, which is a GMP. Knapheide did not present any supporting documentation to show that the assistance to other facilities and farmsteads was not a secondary benefit of protecting the Knapheide facility itself. EPA does not believe fighting the flood constitutes a SEP.

SEP 3-Paint Usage and VOC Reduction in Temporary Plant

Knapheide has presented the Air Permit Variance, the applicable Illinois Environmental Protection Agency (IEPA) regulations, Material Safety Data Sheets (MSDS) for the previous and new paints, and tables comparing the Volatile Organic Compound (VOCs) content of the previous and current paints, as requested in the July 12, 1995, EPA letter. Knapheide also has included copies of the invoices for the new bake ovens and the installation costs for these ovens.

For the following reasons, EPA believes Knapheide's change in paint usage and the installation of new bake ovens in its temporary facility constitutes a SEP in the category of pollution reduction. First, Knapheide changed to paints with lower VOC levels and installed the infra-red ovens in its side assembly and tool box paint lines between April and June 1994. Knapheide also changed to paints with lower VOC levels and installed a new double-wide bake oven in its utility body paint lines in August 1994. The Air Permit Variance granted by IEPA to use paints with higher VOC levels (6.0 to 6.5 pounds per gallon) was issued in September 1994 and expired April 1, 1996. The IEPA regulates VOC levels at 3.5 pounds per gallon. Attachment R of Knapheide's supporting information demonstrates that the paints now in use in the side assembly, tool box, and utility body paint lines are below the variance VOC levels and in some cases below the IEPA-regulated VOC levels. The almost 2-year time difference between Knapheide's implementation of these pollution reduction processes and the variance's expiration shows Knapheide's best efforts to reduce VOC emissions ahead of schedule, not just to meet the IEPA's VOC emission requirements. This is further demonstrated by Knapheide's contention

that the costs for improvements at the temporary plant to reduce VOC levels will not likely carry over to its permanent facility because Knapheide intends to implement a new painting process using electrocoat equipment at its permanent facility. This is supported by the paint technology study conducted by Knapheide as proposed in SEP 4.

With the IEPA's variance in place until April 1, 1996, it is EPA's contention that Knapheide could have continued to operate its painting process without implementing the VOC emission reduction procedures at the temporary facility and waited to make changes until the new facility was operational. The invoices in Attachment S of Knapheide's supporting information justify the stated cost of \$209,675 to purchase and install the bake ovens and miscellaneous equipment that enabled Knapheide to switch to lower VOC-level paints. Because this is a pollution reduction SEP, EPA sets the penalty offset at 25 cents on the dollar, resulting in a penalty offset amount of \$52,418.75.

SEP 4- Paint Technology Investigation/Consulting

Knapheide has adequately addressed the comments in the EPA July 12, 1995, letter. EPA reviewed the invoices and expense sheets associated with this SEP, which are costs for studying the best available painting technologies to exceed the regulatory requirements for VOC emissions. EPA found all costs are legitimate and applicable to this SEP. However, Knapheide's costs to perform its study will not be available for potential offset until Knapheide has implemented the new painting technologies and demonstrated it has exceeded the regulatory requirements for VOC emissions.

In a progress report dated August 13, 1996, Knapheide indicated that it was going to install an electrocoat painting system in its new facility. At such time that this electrocoat painting system is installed and Knapheide can document that the new painting system allows Knapheide to do pollution reduction activities beyond applicable environmental regulations. EPA will use a penalty offset of 30 cents on the dollar for the costs to perform the study. If this electrocoat painting system is the same painting system referenced as the electrodeposition painting system in the SEP investigation report (Proposed SEP 4), then EPA also recommends a penalty offset of 30 cents on the dollar for the additional cost of the installation on the electrocoat painting system over that of Knapheide's current painting system (See Comment 6 on the SEP investigation report), provided Knapheide demonstrates that VOC emissions are below those specified in the applicable environmental regulations.

REVIEW COMMENTS
SUPPLEMENTAL ENVIRONMENTAL PROJECTS INVESTIGATION REPORT
KNAPHEIDE MANUFACTURING COMPANY
WEST QUINCY, MISSOURI

INTRODUCTION

EPA reviewed the Supplemental Environmental Projects (SEP) Investigation Report submitted by the Knapheide Manufacturing Company (Knapheide) on October 23, 1995. The SEP investigation report was reviewed to decide if it met the requirements of Paragraph 5 of the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO), dated March 8, 1995, and if the proposed SEPs complied with the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements," dated February 12, 1991. EPA had no general comments on the SEP investigation report. The following comments are all specific comments.

COMMENTS

1. **Section III, Page 2, Paragraph 2.** The report states that a wastewater discharge permit from the City of Quincy was applied for in December 1993 and as of the compliance audit date for the facility (July 10, 1995), Knapheide has not been issued the wastewater discharge permit by the City of Quincy. This is a period of nearly two years. The report should explain why Knapheide has not obtained a permit from the City of Quincy.

In this same paragraph, it is mentioned that process water from the facility is placed in the sanitary sewers. The report should state whether the process water has been sampled and characterized and, if so, what implications this has on the wastewater discharge permit.

2. **Section VIII, Page 5, Items 1 through 4.** This section lists four recommendations on procedural changes for Knapheide to make to comply with current environmental regulations. The recommendations do not provide a schedule for compliance. Paragraph 5b. of the First Modification to the CA/CO states that any area of noncompliance must have a schedule and plan for coming into compliance. This report must provide a schedule for compliance for each area.
3. **Part II, Page 5, Proposed SEP 1.** This proposed SEP is to pave the parking areas and driveways to reduce fugitive dust emissions. The report claims this activity is not required by any environmental regulations. However, Paragraph 1 on Page 2 of the SEP investigation report states that 35 Illinois Administrative Code 212.306 "requires a manufacturing facility to pave all traffic pattern roads and parking areas or to treat them with water, oils, or chemical dust suppressants." Knapheide must clarify this discrepancy and show that paving the parking areas and driveways are not required by any environmental regulations and would qualify as an SEP.

4. **Part II, Page 6, Proposed SEP 2.** This proposed SEP is to construct a stormwater holding basin along with stormwater drainage. Knapheide must demonstrate that this activity is not necessary to comply with stormwater regulations in the Clean Water Act or that a permit is not required for Knapheide before this activity can qualify as a SEP.
5. **Part II, Page 6, Proposed SEP 3.** This proposed SEP is for the installation of a non-chlorofluorocarbon (CFC) air-conditioning system at the new plant to reduce potential depletion of ozone. EPA concedes that this is a pollution reduction measure that may qualify as a SEP. However, when Knapheide constructs its new plant, it will have to install an air-conditioning system of some type that is a good management practice. Knapheide must demonstrate that the cost of installing a non-CFC air-conditioning system is above and beyond that of a CFC air-conditioning system, and that it is installed prior to the Clean Air Act regulations banning the use of CFCs before this activity can qualify as a SEP.
6. **Part II, Page 6, Proposed SEP 4.** This proposed SEP is for the installation of an electrodeposition (EDP) painting system to reduce volatile organic compound (VOC) emissions. First, for this activity to qualify as a SEP, Knapheide must demonstrate through actual numbers that the VOC emissions from this new painting process are below those specified by the Illinois Environmental Protection Agency (IEPA). Second, Knapheide must clarify if this new EDP painting system is to be installed in the temporary plant or in the new plant. If the EDP painting system is to be installed in the new plant, EPA will use a penalty offset only to calculate the additional cost (if any) of the installation of the EDP painting system over that of Knapheide's current system. In order for the new plant to operate, it has to have some type of painting system, therefore, it is not reasonable to allow Knapheide penalty offset for the entire cost of installation of the EDP painting system.
7. **Part II, Page 6, Proposed SEP 5.** This proposed SEP is for the installation of high-volume low-pressure (HVLP) guns which would reduce VOC emissions from painting operations. This activity could qualify as a pollution reduction measure and deserve future consideration. First, Knapheide must demonstrate with actual numbers that the use of the HVLP guns reduces VOC emissions to levels below those required by the IEPA. Second, for potential penalty offset determinations, Knapheide must state whether this activity is to occur in the temporary plant or in the new plant. Again, the penalty offset amount will be less for the new plant than the temporary plant because some type of paint guns will be needed for the new plant.
8. **Part II, Page 7, Proposed SEP 6.** This proposed SEP is for the installation of high-efficiency lighting to conserve electrical power which could in turn reduce emissions at the utility generation plants. This activity could qualify as a pollution reduction measure and deserve future consideration. First, Knapheide must provide numbers to demonstrate how much energy it would save over conventional lighting. Second, for potential penalty

offset determinations, Knapheide must state whether this activity is to occur in the temporary plant or new plant. The new facility will need some type of lighting, so the penalty offset for the new plant should be much less than if the high-efficiency lights are to be installed in the temporary facility which already has lighting.